

Message Text

LIMITED OFFICIAL USE

PAGE 01 COLOMB 04164 100949Z

17

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 CAB-02 CIAE-00

COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00

L-03 SS-15 NSC-05 SP-02 PA-01 PRS-01 USIA-06 /080 W

----- 041695

R 100610Z NOV 76

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 6140

AMEMBASSY BANGKOK

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

LIMITED OFFICIAL USE COLOMBO 4164

E.O. 11652 N/A

TAGS: EAIR, CE, TH

SUBJ: CIVAIR: AIR CEYLON'S AGREEMENT WITH AIR SIAM AND OTHER
PROBLEMS

REF: (A) BANGKOK 28493 (NOTAL); (B) COLOMBO 2904 (NOTAL)

1. SMALL ITEM IN NOVEMBER 9 CEYLON DUALY NEWS REPORTED THAT AIR CEYLON'S PLANS TO USE AIR SIAM DC-10 ON ONCE-A-WEEK RUN FROM BANGKOK TO COLOMBO-ZURICH-PARIS AND RETURN RECEIVED SET BACK WHEN THAI CIVIL AVIATION AUTHORITIES REFUSED LANDING RIGHTS FOR NEW SERVICE. THIS FLIGHT WAS TO START NOVEMBER 6 AND A NUMBER OF BOOKINGS HAD BEEN MADE IN ADVANCE. WHEN SERVICE DID NOT MATERIALIZE, AIR CEYLON FOUND ITSELF PROVIDING HOTEL ACCOMODATIONS FOR IRATE PASSENGERS UNTIL THEY COULD BE TAKEN BY OTHER CARRIERS.

2. ALSO ON NOVEMBER 9, G.F. STEEDMAN HINCKLEY, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF OVERSEAS NATIONAL AIRWAYS, PAID CALL ON EMBASSY SAYING HE HAD RECEIVED URGENT REQUEST FROM AIR CEYLON TO NEGOTIATE WET LEASE OF DC-8 OR
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 COLOMB 04164 100949Z

DC-10. HE UNDERSTOOD DEAL WITH AIR SIAM HAD FALLEN

THOUGHT BUT DID NOT KNOW WHY. LATER IN DAY HE MET WITH AIRCEYLON CHAIRMAN P.B. KARANDAWELA, WHO IS ALSO SECRETARY (I.E. SENIOR CIVIL SERVANT) TO MINISTRY OF SHIPPING, AVIATION, AND TOURISM, AND WITH MINISTER KALUGALLE. MEETING DID NOT PRODUCE ANY DECISION FPR TWO REASONS: 1) AIR CEYLON MANAGEMENT IN TURMOIL (SEE BELOW) AND KARANDAWELA NOT PREPARED TO ENTER INTO ARRANGEMENT WITH OVERSEAS NATIONAL AT THIS TIME, AND 2) AIR CEYLON STILL HOPS AIR SIAM AGREEMENT NOT DEAD. EMBASSY BANGKOK'S CURRENT VIEW ON LIFE EXPECTANCY OF AIR SIAM AND ON DEAL WITH AIR CEYLON WOULD BE APPRECIATED.

3. IN ADDITION TO ITS OTHER TROUBLES, AIR CEYLON ALSO HAVING INTERNAL MANAGEMENT PROBLEMS. DISPUTE HAS SURFACED IN LOCAL PRESS BETWEEN K.C.F. WIJEYEWICKREMA, SECRETARY TO TRANSPORT MINISTRY, AND AIR CEYLON CHAIRMAN KARANDAWELA. WIJEYEWICKREMA WAS REMOVED FROM BOARD OF AIR CEYLON IN SEPTEMBER, REPORTEDLY FOR OPPOSING RS. 10 MILLION INCREASE IN AIRLINE'S BORROWING LIMIT. IN LONG LETTER PUBLISHED IN NOVEMBER 2 EDITION OF CEYLON DAILY MIRROR (WITH MINOR EXCISIONS ON LEGAL ADVICE), WIJEYEWICKREMA DENIED DISPUTE WAS OVER BORROWING LIMIT INCREASE (WHICH HE SAID HE HAD APPROVED) BUT CHARGED HIS OUSTER DUE TO DIFFERENCES WITH KARANDAWELA. ACCORDING TO WIJEYEWICKREMA, KARANDAWELA PAYS NO HEED TO BOARD AND ACTS AS "AN ABSOLUTE CHAIRMAN". WIJEYEWICKREMA URGED FORMAL INQUIRY INTO MANAGEMENT OF AIR CEYLON, WITH PARTICULAR REFERENCE TO GENERAL SALES AGENCY COMPANY, RECENTLY CREATED IN LONDON TO SERVICE AIR CEYLON'S DC-8 OPERATIONS THERE.

4. ONE RESULT OF THIS CONFLICT IS DISCOVERY OF OLD LAW PROHIBITING SECRETARIES OF MINISTRIES FROM ACTING AS CHAIRMAN OF STATE CORPORATIONS (A NUMBER OF SECRETARIES HOLD SUCH POSITIONS). AS A CONSEQUENCE KARANDAWELA MAY HAVE TO STEP DOWN AS AIR CEYLON'S CHAIRMAN AND FORMER SRI LANKA AIR FORCE COMMANDER P.H. MENDIS IS A RUMORED SUCCESSOR. ANOTHER POSSIBILITY IS THAT KARANDAWELA WILL RETAIN HIS CHAIRMANSHIP AND RESIGN HIS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 COLOMB 04164 100949Z

SECRETARIAL POSITION. OPERATIONAL LEVEL OF AIR CEYLON MANAGEMENT ALSO IN STATE OF FLUX; EMBASSY UNDERSTANDS GENERAL MANAGER E. DE S. WICKRAMARATNE IS TO BE REPLACED BY JAMES LANEROLLE, DEPARTING DEPUTY CHIEF OF MISSION IN SRI LANKA'S WASHINGTON EMBASSY. NET RESULT OF THIS GAME OF MUSICAL CHAIRS IS THAT AIR CEYLON'S MANAGEMENT PRESENTLY EVEN MORE INCAPACITATED THAN USUAL. REED

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, PRESS COMMENTS, MANAGEMENT, AVIATION AGREEMENTS, AIR ROUTES, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976COLOMB04164
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760418-0872
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761164/aaaaccxm.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BANGKOK 28493, 76 COLOMBO 2904
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2004 by CollinP0>; APPROVED <13 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: AIR CEYLON'S AGREEMENT WITH AIR SIAM AND OTHER PROBLEMS
TAGS: EAIR, CE, TH, AIR CEYLON, AIR SIAM
To: STATE BANGKOK
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006